

## Message Text

SECRET

PAGE 01 MOSCOW 14189 060940Z

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ACTION NODS-00

INFO OCT-01 ISO-00 /001 W

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC IMMEDIATE 5189

S E C R E T MOSCOW 14189

NODIS

CHEROKEE

FROM ROBINSON

E.O. 11652: GDS

TAGS: ETRD, UR, US

SUBJECT: GRAIN/OIL NEGOTIATIONS

REF: STATE 237177; B. STATE 237288; C. MOSCOW 14186

1. INSTRUCTIONS SET FORTH IN REFTEL B REFLECT LACK OF UNDERSTANDING OF SITUATION HERE.

2. WE HAVE BEEN AND WILL CONTINUE MAKING EVERY EFFORT ACHIEVE RESULTS SET FORTH IN REFTEL A. OUR EFFORTS GUIDED BY TWO BASIC OBJECTIVES STATED PARA 2 REFTEL A.

A. REFUSE ACCEPT SOVIET DEMAND FOR A BALANCING ESCAPE CLAUSE WHICH WOULD ALLOW UNILATERAL REDUCTION IN THEIR PURCHASES BELOW THE SIX MILLION TON MINIMUM QUANTITY WHEN THEY FACE A SURPLUS CONDITION WHICH CANNOT BE VERIFIED.

B. DON'T WITHDRAW U.S. ESCAPE CLAUSE WHICH ALLOWS OUR REDUCTION BELOW SIX MILLION WHEN WE FACE A CROP SHORTAGE CONDITION.

3. THE SIDE LETTER APPROACH FOR U.S. ESCAPE CLAUSE WOULD IN ALL PROBABILITY BE BALANCED BY A SIMILAR SIDE LETTER

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ESTABLISHING SOVIET UNILATERAL RIGHT TO REDUCE. WE SEE

NO MORE PRACTICAL WAY TO MEET OBJECTIVES A AND B PARA 2  
THAN THROUGH THE FORMULA PROPOSED REFTEL C PARA 5.

4. WE BELIEVE THAT OUR PROPOSAL TO GRANT SOVIETS' RIGHT  
TO CANCEL CONTRACT IN EVENT OF U.S. CROP DISASTER MAY BE  
ACCEPTABLE TO THE SOVIETS AS A PROPER BALANCING OF RIGHTS.  
THIS WOULD AVOID ANY UNILATERAL RIGHT ON THE SOVIET SIDE  
TO REDUCE IN TIMES OF SURPLUS, WHICH IS A KEY OBJECTIVE  
OF THIS AGREEMENT. FURTHERMORE IF THE U.S. FACES SUCH A  
CROP DISASTER FORCING A REDUCTION EVEN BELOW THE MINIMUM  
BASE OF SIX MILLION TONS, THE LONG-TERM AGREEMENT WOULD BE  
A POLITICAL LIABILITY IN THE U.S.S. THEREFORE RISK OF  
SOVIET CANCELLATION REPRESENTS NO THREAT TO THE U.S.  
POSITION AND COULD PERHAPS BE BENEFICIAL.

5. WE CONTINUE TO STRESS THE NEED FOR EXPEDITIOUS  
RESOLUTION OF THESE ISSUES AS OUR BARGAINING POSITION  
STEADILY DECLINES AS WE APPROACH THE OCTOBER 10 CROP  
ESTIMATE RELEASE DATE. WE WILL PROCEED TODAY IN ACCORDANCE  
WITH INSTRUCTIONS IN REFTEL A BUT URGENTLY REQUEST YOUR  
COOPERATION IN OUR EFFORTS TO BRING THE GRAIN AGREEMENT  
NEGOTIATIONS TO SUCCESSFUL CONCLUSION.

6 WE PROCEEDING WITH OIL LETTER OF INTENT IN ACCORDANCE  
WITH YOUR INSTRUCTIONS INCLUDING THIRTY-DAY LIMIT AND  
MUTUALLY AGREED PRICING ATTRACTIVE TO U.S. CUSTOMERS,  
IMPLYING DISCOUNT FORM WORLD MARKET PRICE.  
STOESSEL

SECRET

NNN

## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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